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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/828,731	04/09/2001	Marc Alaia	46700-5004-12	8904

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EXAMINER

PATEL, JAGDISH

ART UNIT	PAPER NUMBER
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3624

DATE MAILED: 04/16/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.

09/828,731

Applicant(s)

ALAIA ET AL.

Examiner

JAGDISH PATEL

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 15 January 2004.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 89,92,93,95-99,102,103,105-108,138-140,144-151 and 153-158 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 89,92,93,95-99,102,103,105-108,138-140,144-151 and 153-158 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
 - ☐ Certified copies of the priority documents have been received in Application No. _____.
 - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152) |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____ |

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DETAILED ACTION

1. This communication is in response to amendment filed 1/15/2004.

Continued Examination Under 37 CFR 1.114

2. A request for continued examination under 37 CFR 1.114, including the fee set forth in 37 CFR 1.17(e), was filed in this application after final rejection. Since this application is eligible for continued examination under 37 CFR 1.114, and the fee set forth in 37 CFR 1.17(e) has been timely paid, the finality of the previous Office action has been withdrawn pursuant to 37 CFR 1.114. Applicant's submission filed on 1/15/2004 has been entered.

Response to Amendment

3. Claims 89, 92, 93, 95-99, 102, 103, 105-108, 138-140, 144-151 and 153-158 are under consideration. Claims 89, 99 have been amended per request.

Response to Arguments

4. Applicant's arguments filed 1/15/04 have been fully considered but they are not persuasive. See following explanation.

5. Applicant's arguments regarding rejection of claims 89, 92-99, 102-115, 117-118, 138-150 and 159-162 under 35 U.S.C. 101 has been fully considered but they are not

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persuasive. Please refer to detailed explanation provided under Claim Rejections - 35 USC § 101 below. Therefore, rejection of the aforementioned claims under 35 USC § 101 is maintained. It is noted that the examiner has not indicated any concerns regarding utility requirement of the claimed subject matter nor provided any rejection on the grounds of the claimed subject matter being directed to business methods. Therefore, any remarks presented by the applicant concerning these issues are moot.

6. The applicant's amendment has resolved the indefiniteness rejection of (now amended) claims 89, 92-93, 95-99, 102-103, 105-108 under 35 USC § 112, second. Accordingly, this rejection has been withdrawn.

7. Applicant's arguments regarding rejection of claims under 35 USC § 103 are rendered moot in view of rejection of these claims under new ground of rejection.

Statute Cited in Prior Action

8. The text of those sections of Title 35, U.S. Code not included in this action can be found in a prior Office action.

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Claim Rejections - 35 USC § 101

9. Claims 89, 92-93, 95-98, 138-140 and 144-150 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

As an initial matter, the United States Constitution under Art. I, §8, cl. 8 gave Congress the power to "[p]romote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries". In carrying out this power, Congress authorized under 35 U.S.C. §101 a grant of a patent to "[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition or matter, or any new and useful improvement thereof." Therefore, a fundamental premise is that a patent is a statutorily created vehicle for Congress to confer an exclusive right to the inventors for "inventions" that promote the progress of "science and the useful arts". The phrase "technological arts" has been created and used by the courts to offer another view of the term "useful arts". See *In re Musgrave*, 167 USPQ (BNA) 280 (CCPA 1970). Hence, the first test of whether an invention is eligible for a patent is to determine if the invention is within the "technological arts".

Further, despite the express language of §101, several judicially created exceptions have been established to exclude certain subject matter as being patentable subject matter covered by §101. These exceptions include "laws of nature", "natural phenomena", and "abstract ideas". See *Diamond v. Diehr*, 450, U.S. 175, 185, 209 USPQ (BNA) 1, 7

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(1981). However, courts have found that even if an invention incorporates abstract ideas, such as mathematical algorithms, the invention may nevertheless be statutory subject matter if the invention as a whole produces a "useful, concrete and tangible result." See *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* 149 F.3d 1368, 1973, 47 USPQ2d (BNA) 1596 (Fed. Cir. 1998).

This "two prong" test was evident when the Court of Customs and Patent Appeals (CCPA) decided an appeal from the Board of Patent Appeals and Interferences (BPAI). See *In re Toma*, 197 USPQ (BNA) 852 (CCPA 1978). In *Toma*, the court held that the recited mathematical algorithm did not render the claim as a whole non-statutory using the Freeman-Walter-Abele test as applied to *Gottschalk v. Benson*, 409 U.S. 63, 175 USPQ (BNA) 673 (1972). Additionally, the court decided separately on the issue of the "technological arts". The court developed a "technological arts" analysis:

The "technological" or "useful" arts inquiry must focus on whether the claimed subject matter...is statutory, not on whether the product of the claimed subject matter...is statutory, not on whether the prior art which the claimed subject matter purports to replace...is statutory, and not on whether the claimed subject matter is presently perceived to be an improvement over the prior art, e.g., whether it "enhances" the operation of a machine. In *re Toma* at 857.

In *Toma*, the claimed invention was a computer program for translating a source human language (e.g., Russian) into a target human language (e.g., English). The court found that the claimed computer implemented process was within the "technological art" because the

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claimed invention was an operation being performed by a computer within a computer.

The decision in State Street Bank & Trust Co. v. Signature Financial Group, Inc. never addressed this prong of the test. In State Street Bank & Trust Co., the court found that the "mathematical exception" using the Freeman-Walter-Abele test has little, if any, application to determining the presence of statutory subject matter but rather, statutory subject matter should be based on whether the operation produces a "useful, concrete and tangible result". See State Street Bank & Trust Co. at 1374. Furthermore, the court found that there was no "business method exception" since the court decisions that purported to create such exceptions were based on novelty or lack of enablement issues and not on statutory grounds. Therefore, the court held that "[w]hether the patent's claims are too broad to be patentable is not to be judged under §101, but rather under §§102, 103 and 112." See State Street Bank & Trust Co. at 1377. Both of these analysis goes towards whether the claimed invention is non-statutory because of the presence of an abstract idea. Indeed, State Street abolished the Freeman-Walter-Abele test used in *Toma*. However, State Street never addressed the second part of the analysis, i.e., the "technological arts" test established in *Toma* because the invention in State Street (i.e., a computerized system for determining the year-end income, expense, and capital gain or loss for the portfolio) was already determined to be within the technological arts under the *Toma* test. This dichotomy has been recently acknowledged by the Board of Patent Appeals and Interferences (BPAI) in affirming a §101 rejection finding

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the claimed invention to be non-statutory. See Ex parte Bowman, 61 USPQ2d (BNA) 1669 (BdPatApp&Int 2001).

In the present application, Claims 89, 92-93, 95-98, 138-140, 144-150 have no connection to the technological arts. None of the steps indicate any connection to a computer or technology as explained in the following exemplary analysis.

The process steps of claim 89 of (a) defining a first time interval..., (b) determining whether the first overtime condition occurs during the first time interval.. and (c) extending the first closing time.. are broadly interpreted as being performed manually. It is noted that the aforementioned critical process steps are performed independent of the manner in which the bids are submitted to the sponsor(over a communication network). In other words, even if the bids are submitted over the communication network, the process steps of the claimed invention are performed without any technological means. This defect clearly renders the claimed invention outside the technological arts. Therefore, the claims are directed towards non-statutory subject matter.

Claim Rejections - 35 USC § 103

10. Claims 89, 92-93, 95-99, 102-103, 105-108, 138-140, 144-151, and 153-158 are rejected under 35 U.S.C. 103(a) as being unpatentable over Newsbyte as applied to claims above, and further in view of Ervin, Keith; Three Tree

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Point Property Draws 1.5 Million Bid, Seattle Times, Feb 11, 1998 (Ervin).

Claim 89: Newsbyte discloses a method to control overtime in an overtime auction (online auction - tile), comprising:

(a) defining a first time interval ..during which bids are submitted to the auction for a first lot ("..between three and fourteen days including "the final ten minutes", assumed now on that this is 3 days), a second time interval (the auction is extended in "ten-minute increments", the second time interval amounts to 3 days plus 10 minutes (one increment)), a first overtime condition (any bidding occurring in the final ten minutes), and a first closing time..(3 days after the start of the auction), wherein the first closing time is defined as a specific scheduled closing time (..any bidding occurs in the final ten minutes);

(b) determining whether the first overtime condition occurs during the first time interval (any bidding occurring in the final ten minutes of the first time interval);

(c) extending the first closing time using the second time interval in accordance with the determination (the

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"initial" closing time of 3 days is extended by second time interval to 3 days and 10 minutes);

wherein the a sponsor of the and ..bidder participating in the auction are coupled over a communication network during the auction and the bids are submitted in step (a) are submitted by the bidder to the sponsor over the network (Excite auction is "online" excite being a sponsor);

wherein the first closing time corresponds to an end of the first time interval if the first closing time is not extended in step (c) (first time interval is 3 days which is the first closing time), and ... corresponds to an end of the second time interval if first time interval is extended (auction is closed in 3 days plus 10 minutes if extended).

Newsbyte fails to teach that the first overtime condition comprises receiving at least one behind market bid for the first lot. Woods, in the same field of endeavor teaches a method of auction wherein auction is extended when an overtime condition occurred during a first time interval, wherein the first overtime condition comprises receiving at least one behind market bid (see..any bidding occurring in the final ten minutes..auction is extended in ten minute increments, see 4th paragraph of the text, in

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Woods any bid occurring beyond the originally scheduled closing time is considered as "behind the market" bid).

Newsbyte or Woods fail to teach that at least one behind market bid is transmitted to the sponsor over the network and that the bids the first lot is defined by a buyer. However, the functions of steps (a) - (c) are performed regardless of who defines the first lot or how the lot is defined. Similarly, the manner in which communication of (the behind market) bid has no functional relationship of the functionality of the claimed limitations.

Over the years, numerous court decisions have analyzed the content of various claim language for meaningful, useful differences in structure or acts performed between the claims and the prior art. Some of these decisions have found that certain language adds little, if anything, to the claimed structure or acts and thus do not serve as a limitation on the claims to distinguish over the prior art. For example, language directed to an intended use of dispensing popcorn in a claim for a product did not result in a structural or functional difference with respect to prior art and were held not to serve as a limitation on the claim. See *In re Schreiber*, 44 USPQ2d 1429 (CAFC 1997).

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Thus, a limitation on a claim can broadly be thought of then as its ability to make a meaningful contribution to the definition of the invention in a claim. In other words, language that is not functionally interrelated with the useful acts, structure, or properties of the claimed invention will not serve as a limitation. See *In re Gulack*, 217 USPQ 401 (CAFC 1983), *Ex parte Carver*, 227 USPQ 465 (BdPatApp&Int 1985) and *in re Lowry*, 32 USPQ2d 1031 (CAFC 1994) where language provided certain limitations because of specific relationships required by the claims.

Therefore, it would have been obvious to a person of ordinary skill in the art at the time the invention was made to have the one behind market bid transmitted to the sponsor over the network and have the bids for the first lot defined by a buyer because such data do not functionally relate to the steps in the method claimed and because the subjective interpretation of the data does not patentably distinguish the claimed invention.

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Claim 92. second time interval varies during the auction (the auction is extended in 10 minute increments, however, at the discretion of the auctioneer this may be changed to any other time amount).

Claims 93, 95-98: (exemplary analysis) overtime extension is triggered if the submitted bid is better than a current best bid.. (any bidding occurring in the final ten minutes inherently considers various factors recited in the present claims. A person of skilled in the art would appreciate that a plurality of conditions are appropriate for triggering extension of the auction because the purpose of the auction is to optimize the administration of auction in consideration of time constraints and providing for maximum benefit to the sellers).

The Newsbyte fails to explicitly disclose various criteria for triggering the overtime extension stated in claims 94-97. It would have been an obvious matter of design choice to apply one or more condition related to the submitted bid (within a predetermined amount of another bid as an example per claim 95) or that knowledge generally available to one of ordinary skill in the art would lead that individual to combine such knowledge with the relevant teachings of the cited reference.

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All limitations of claims 99 and 102-103, 105-108 have been analyzed as in corresponding method claims 89 and 92-97. Note that Newsbyte applies to on-line auction and therefore, computer readable medium is inherent in Newsbyte.

All limitations of claims 138-140 and 144-145 have been analyzed in claims 89, 92-93, 95-98 as discussed previously.

Per claim 146, the second time interval (3 days + 10 minutes) extends to a second closing time (start time plus (3 days + 10 minutes) instead of 3 days from the start) further comprises:

Defining a third time interval (third time interval = 3 days + (2 times) 10 minutes), a fourth time interval (fourth time interval = 3 days + (3 times) 10 minutes) a second overtime condition..(any bidding occurring in last ten minutes of any interval), the third time interval not being equal to the fourth ..(this is obvious from the above explanation);

Determining whether the second overtime condition occurs during the third time interval (the auction is extended in ten-minute increments in response to any bidding occurring in the final ten minutes);

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Extending the second closing time by the fourth time interval in accordance with the second determination (the second closing time 3 days plus 10 minutes from the start of the auction is extended to further 10 minutes and so on).

Per claims 147-150: Newsbyte teaches all limitations of claim 147, 148 and 150. Note that first time interval is 3 days, second time interval is 10 minutes before scheduled closing and second time interval is 10 minute, which is extension time.

All limitations of claim 150 are analyzed as per claim 146.

Claim 151: all limitations have been analyzed in accordance with corresponding method claim 89. Note that because Newsbytes discloses an on-line (i.e. internet based) auction, machine-readable medium is inherent therein.

Claim 153. overtime occurs when an amount of the at least one behind market bid is within at least predetermined amount..of another bid (there is no tradeoff for the offerer to extend the auction if the new higher bid received is only numerically higher, which would not

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justify extending the auction due to cost of associated with extending the auction).

Claim 154. "any bidding occurs" include limitation amount of bid as per claim 153 and "bid is submitted by an incumbent supplier".

Claims 155, 157 and 158 have been analyzed per claims 151 and 147-149 as above.

Claim 156: wherein the overtime triggering interval equals the extension time interval (Newsbyte, final ten minutes is overtime triggering interval and ten minutes is extension time interval)

Conclusion

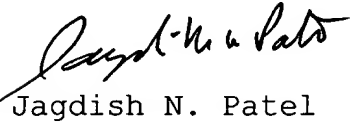
The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Jagdish Patel whose telephone number is (703) 308-7837. The examiner can normally be reached Monday-Thursday from 8:00 AM to 6:00 PM.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Vincent Millin, can be reached at (703) 308-1038. The fax number for Formal or Official faxes to Technology Center 3600 is (703) 305-7687. **Draft faxes may be submitted directly to the examiner at (703) 746-5563.**

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Any inquiry of a general nature or relating to the status of this application should be directed to the Group receptionist whose telephone number is (703) 308-1113 or 308-1114. Address for hand delivery is 2451 Crystal Drive, Crystal Park 5, 7th Floor, Alexandria VA 22202.


Jagdish N. Patel

(Primary Examiner, AU 3624)

4/15/04